In the Red:
Debt in Low- and Moderate-Income African American Communities

November 16, 2017
Welcome
Pamela Chan,
Project Director, Human Insights at Prosperity Now
Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.
Project Overview

Part 1
Field Scan
- Establish partnerships with community based non-profits
- Identify potential challenges with credit and debt facing people in their communities
- Select a key challenge to address and a target audience to focus the project scope
- Improve understanding of “solutions” available that have the potential to address the selected challenge

Part 2
Discovery Interviews
- Discover individual perspectives of community members on the selected challenge and potential solutions available

Part 3
Design Pilot
- Host convening with collaborators to share findings from discovery interviews and brainstorm ideas for pilot
- Draft pilot concept for proposal
Project Partner Organizations & Communities Served

Baltimore, Maryland

Brownsville, Brooklyn, New York

Ft. Lauderdale, Florida
Our Advisors

DEVIN FERGUS
The Ohio State University

CAROLINE RATCLIFFE
Urban Institute

LISA SERVON
University of Pennsylvania

JOSH SLEDGE
CFSI
Welcome Facebook Live Attendees!

- Over 200 people registered to join us remotely
- Our team will moderate the discussion and share your questions during Q&A
- Please join the conversation by sharing your comments
- The recording will be available on our Facebook page at the conclusion of the event
- The “In the Red” event page now includes all the documents we will reference today
Who registered for this event?

- Direct service nonprofit/Social service provider: 37%
- Intermediary nonprofit/Network organization: 29%
- Academic/Research organization: 12%
- Government office (Federal/State/local): 11%
- Other: 11%
Many of you provide financial capability services to African American clients.
Prosperity Now would like to thank MetLife Foundation for making this event and the work of this human insights research project possible.
Evelyn Stark
Assistant Vice President, Financial Inclusion, MetLife Foundation
Part 1

What’s the challenge?
Debt in LMI African American Communities
<$50,000 Annual Household Income, Survey of Consumer Finance 2016

67% HAVE DEBT
WHITE 68%  VS  LATINO 64%

32% ARE BEHIND ON THEIR PAYMENTS
WHITE 22%  VS  LATINO 22%

THE MEDIAN HOUSEHOLD HOLDS
$17,000 IN DEBT
WHITE $21,000  VS  LATINO $12,000
Coffee Break
The next session will start in 00:14:00

Coffee Break
The next session will start in

00 09 00

Coffee Break
Part 2
What is happening in communities?
Courtnee Biscardi, Senior Vice President of Operations & Strategy

Urban League of Broward County
Overview

ULBC’s mission is to ensure economic self reliance, power, parity and civil rights for African Americans.
We focus on four primary areas of service:

- Education
- Jobs (Includes Entrepreneurship)
  - Study focused on our Center for Working Families Initiative
- Housing
- Health
Who We Serve

Race & Ethnicity

- Black: 78%
- White: 11%
- Hispanic: 8%
- Other: 3%

11,000 served annually
Debt & Past-Due Bill Issues

Debt

- Car loans- high interest rates due to poor credit. Car purchases made during tax time but payments not sustainable over time.
- Credit Cards- high interest rates, high balances; credit cards are being used as supplemental income.

Past Due Bills

- Rent- 49.7% of households in Broward County (330,624 households) are cost-burdened; 52% of renters are severely cost burdened (>50% of income on housing)
- Utilities-households falling behind trying to balance expenses.

Pay Day Loans- trending down
Methods to Address Concern & Why

• Connection to internal and external resources
• Access to job training & certification
• Affordable housing policy development- participation in local advocacy on this issue
• Meaningful dialogue with payday loan institutions
• Working with local anchor institutions to unlock wealth building opportunities
• Creating or highlighting Data reports and publications
• Engagement in policy and practice is in our mission. We have to address the issues from both perspectives.
Why Is This Work Important

• It is important that we figure out how to unlock wealth in the community.
• Blacks are losing the wealth building game and it is not acceptable.
• Cannot be changed with programs alone. It requires policy changes and a strengthened eco-system that’s developed to “include” not “exclude”.
• In order for us to actualize our mission, these efforts are necessary.
Althea E. Saunders-Ranniar, Director, Financial Services Div.
Bon Secours Community Works
Bon Secours Community Works

November 16, 2017

Presenter:
Althea E. Saunders-Ranniar, Director, Financial Services Div.
Our Mission

The Mission of Bon Secours Baltimore Health System (“BSBHS”) is to help people and communities to health and wholeness by providing compassionate, quality health care and being Good Help to all in need in West Baltimore, with special concern for the poor and dying.
Community Services

Bon Secours Community Works
26 North Fulton Avenue
Baltimore, MD 21223
410-362-3629

Career Development
- Job training & placement
- Job readiness skills
- Computer training
- Youth employment
- Re-entry program

Family Support
- G.E.D. classes
- Parenting classes
- Early Head Start for children up to 3
- In-home support

Financial Services
- Financial help & planning
- Eviction prevention
- Food stamps
- Health insurance and benefits

Women in Crisis
- Women who are in crisis and need access to services can visit us at:
  *10 North Pulaski Street*
Service Representation

September 1, 2016 through August 31, 2017, Bon Secours Community Works provided services to 2970 clients.

This represents a 24% increase in clients served during same time frame for FY16.

*These charts do not include the complete intake data of participants in the Family Support Center and Women’s Resource Center. These programs use separate data collection software to maintain client information.
Credit

- Debt and Past-Due Bill Issues
  - Repossession
  - High interest lending
  - Utilities
  - Rent
  - Medical

- What we’ve tried
  - Small dollar loan
  - Referral to Credit Unions
  - Financial Coaching/Counseling
  - Financial Literacy
Focus Issues

- Only Debt for Asset Accumulation or Easily Paid Off at Market Rate Interest
- Home with a Market Rate Mortgage
- Post-Secondary Education Plan for Children
- Savings of 3-6 months of expenses
Mary Tobin, Director

Brownsville Partnership, An Initiative of Community Solutions
The Brownsville Partnership

“Hope Is Inside”
Brownsville Partnership Vision:

Our vision for Brownsville is a safer, healthier, and more prosperous community for the people who live there now. That shift must be visible, measurable, and show strong positive momentum.

Brownsville should be distinguished by its positive features, not by negative health, social and economic indicators.
Brownsville Partnership Strategies:

• Increasing the number of employed Brownsville residents:
  ▪ Create Brownsville Employment Pathways (BEP) for the following “critical” cohorts:
    ○ Formerly Incarcerated
    ○ Youth ages 16-24
    ○ Single mothers

• Increasing youth enrichment opportunities in Brownsville

• Improving neighborhood “health” conditions
Background: Brownsville Economic Conditions

- Population - 59,537 *(Brownsville proper)*
  - 24,000 Brownsville residents live below the poverty line
  - 14,000 residents live in **Deep** poverty
    - Deep poverty is income 50% below the poverty line
  - Brownsville median income - $25,000
  - Brooklyn median income - $47,000 and NYC overall- $53,000
  - There are 18,846 children in Brownsville
    - 9,000 Brownsville children live in poor households
    - Nearly 3,000 children (57%) are under the age of 5
Primary Financial challenges:

- Debt associated with late rent and mortgage payments
- Pay day loan debt
- Car loan debt
- Back utility payment debt
Current Financial Interventions

- Partnerships with local community based organizations that provide debt counseling and financial planning classes
- Direct services and partnerships - Eviction Prevention, Legal Aide Services
- Workshops with financial institutions regarding how to obtain home, auto, short-term loans
- Recruiting additional financial institutions into the local area (currently only 3 banks serve the local community)
Why Are We Here?

<table>
<thead>
<tr>
<th>EMPLOYMENT</th>
<th>Brownsville</th>
<th>Brooklyn</th>
<th>New York City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Rate</td>
<td>16%</td>
<td>11%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Youth Unemployment Rate (20 - 24 years)</td>
<td>27.8%</td>
<td>20.3%</td>
<td>19.3%</td>
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<tr>
<td>Residents Living in Poverty</td>
<td>40%</td>
<td>24%</td>
<td>21%</td>
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We hope to learn during this convening:
• Comprehensive and realistic strategies to alleviate and prevent debt in low-income communities.
• Pathways out of poverty through financial planning methodologies for low-income families.
The Brownsville Partnership

“HOPE IS INSIDE”
Many sources of insight and direction

- Literature
- Public data
- Project advisors
- Partner organizations
- Community members
- MetLife Foundation
- Prosperity Now staff
- Prosperity Now Community

insight + direction
Initial Insights on Concepts from Discovery Research

Spectra Myers, Sr. Research Manager
Background on discovery research

- Objectives:
  1. Understand clients’ financial situation and experiences paying incurred debt to refine project team’s understanding of the challenge
  2. Gather feedback from clients on strategies in order to inform development of a pilot
Background on discovery research

- **Recruitment:**
  - Each partner organization is recruited 15 clients for individual interviews

- **Interviewee Background:**
  - All interviewees identify as African American or Black
  - Experience challenges managing debt
  - Quotas by age and income

- **Format**
  - 60 minute in-person interview
By the numbers

46 African Americans with low- to moderate-incomes in Brownsville, Baltimore and Ft. Lauderdale

AGE 19 TO 55
WITH A MEDIAN OF 30

2 OUT OF 3 INTERVIEWEES ARE WOMEN

MEDIAN ESTIMATED INCOME $27,378

3 OUT OF 4 HAVE SAVINGS (MEDIAN ESTIMATED SAVINGS OF $1000)
Debt and past-due bills

- Median estimated total debt + past-due bills: $32,981
  - Min – Max: $205 to $489,729

- Most common debt and past-due bills:
  - Credit card debt
  - Student loans
  - Past-due phone, cable, internet, or other telecommunications bills
  - Past-due medical bills
  - Auto/Vehicle Loan
  - Family/friend debt
  - Legal judgement or legal expenses (child support, attorney's fees, etc.)
  - Retail/store credit

- 28 of 46 report overdrawing their checking account in the last 12 months
Introducing you to interviewees
Introducing you to interviewees
Introducing you to interviewees
Approaches to managing debt tested

- Financial Coaching
- Lending Circle
- Financial Advice App
- Debt Negotiators
- Credit Counseling
- Consumer Rights and Bankruptcy Assistance
- Peer Meetings
- Medical Bill Management
- Online Platform
- Borrow Save Loan
- Debt Management Plans
- Debt Consolidation Loan
Tested with qualitative concept tests

- Reactions to different approaches to managing debt through “qualitative concept testing”
- Each interviewee reviewed three to four randomly selected concepts
  - Each concept was seen by at least 10 interviewees
- Questions explore perceptions, wants and needs related to each product or service
Our assessment of the concepts’ appeal

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<th>Yes</th>
<th>Maybe</th>
<th>No</th>
<th>Total</th>
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<td>Lending Circle</td>
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<td>Financial Advice App</td>
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<tr>
<td>Borrow Save Loan</td>
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<tr>
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What is next?

- Complete analysis of clients financial situation and experiences paying incurred debt
- Finalize analysis of feedback from clients on strategies in order to inform development of a pilot
- Integrate insights from our discovery research with the experience of our partners and other experts to identify a way forward
Themes from the Morning
Andrea Levere, President
Share Your Feedback + Advice

1. Complete the event survey.
2. On your notecard or in the comments, answer this question:

What advice do you have for us as we work with these partners to design a pilot to address debt in low- and moderate-income African American communities?

Hand in your notecard and completed survey to one of the Racial Wealth Divide team interns